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ENVELOPE

CDSN = LGX764 MCN = 91214/36429 TOR = 912142002
RTTUZYUW RUEKJCS1153 2142002-UUUU--RUEALGX.
ZNR UUUUU

HEADER

R 022002Z AUG 91
FM JOINT STAFF WASHINGTON DC
INFO RUEADWD/OCSA WASHINGTON DC
RUENAAA/CNO WASHINGTON DC
RUEAHQA/CSAF WASHINGTON DC
RUEADWD/PTC WASH DC
RUSNND/USCINCEUR VAIHINGEN GE
RUFGAID/USEUCOM AIDES VAIHINGEN GE
RUEOFAA/COMJSOC FT BRAGG NC//J2//
RUCQVAB/USCINCSOC INTEL OPS CEN MACDILL AFB FL
RUCJACC/USCINCCENT MACDILL AFB FL//CARA//
RUEOACC/CDRPSYOP GP FT BRAGG NC//ASOF-POG-SB//
RHDLCNE/CINCUSNAVEUR LONDON UK//N2/N24//
RUQYSDG/FOSIF ROTA SP
RHGSRB/COMUSARCENT FT MCPHERSON GA//AFRD-DSO//
RUEALGX/SAFE

R 021743Z AUG 91

FM AMEMBASSY PARIS

TO RUEHC/SECSTATE WASHDC 1860
RUEATRS/DEPARTMENT OF TREASURY
RUEHSS/OECD COLLECTIVE
RUEHIL/AMEMBASSY ISLAMABAD 3317
RUFHAD/AMEMBASSY ABU DHABI 1749
BT

CONTROLS

UNCLAS SECTION 01 OF 02 PARIS 21153

DEPARTMENT OF STATE

IS/FPC/CDR

Date

☒ RELEASE ☐ DECLASSIFY
☐ EXCISE ☐ DECLASSIFY
☐ DENY IN PART
☐ DELETE Non-Responsive Info
FOIA Exemptions
PA Exemptions

MR Cases Only:

EO Citations

TS authority to

☐ CLASSIFY ☐ S or ☐ C OADR
☐ DOWNGRADE TS to ☐ S or ☐ C OADR

TREASURY FOR DO/IMI LARSON AND DO/IMB AMMERMAN; AND OCC
FOR HARTZELL

DEPARTMENT PASS TO FED

E.O. 12356: N/A

/***** THIS IS A COMBINED MESSAGE *****/

BODY

TAGS: EFIN, FR, SNAR, LU, GM, UK, TC
SUBJECT: BCCI: FRANCE ASKS EMIR OF ABU DHABI TO
INDEMNIFY FRENCH DEPOSITORS

1. SUMMARY. ON AUGUST 2, THE FRENCH BANKING
ASSOCIATION ANNOUNCED THAT IT WOULD REQUEST THE EMIR OF
ABU DHABI, THE PRINCIPAL SHAREHOLDER OF BCCI LUXEMBOURG,

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TO INDEMNIFY FRENCH DEPOSITORS (TO THE TUNE OF AN ESTIMATED FF350-400 MILLION), STRESSING EQUALITY OF TREATMENT WITH LONDON DEPOSITORS. ON JULY 5, IN COORDINATION WITH THE ACTIONS OF OTHER BANKING AUTHORITIES, THE FRENCH BANKING COMMISSION CLOSED DOWN THE OPERATIONS OF THE FRENCH BRANCH OF THE BCCI AND NAMED A TEMPORARY ADMINISTRATOR TO MANAGE ITS OPERATIONS.

2. WITH ASSETS TOTALLING ONLY FF2.1 BILLION (ABOUT USD336 MILLION) IN MARCH 1991, BCCI PARIS WAS NOT A SIGNIFICANT PLAYER IN THE FRENCH BANKING SECTOR. IN 1988, SEVERAL OFFICIALS OF BCCI PARIS WERE INDICTED ON DRUG MONEY LAUNDERING CHARGES AS PART OF A NETWORK DOING BUSINESS FOR THE COLOMBIAN MEDELLIN DRUG CARTEL. (THIS WAS PART OF A STING OPERATION SPEARHEADED BY THE USG AND INVOLVING SIX OTHER COUNTRIES.) SINCE JANUARY 1991, THE PARIS BRANCH WAS PROHIBITED BY THE BANKING COMMISSION FROM INCREASING ITS ACTIVITIES OR COLLECTING NEW RESOURCES FROM FRENCH RESIDENTS. END SUMMARY

2. ON JULY 5, IN CONJUNCTION WITH THE ACTIONS OF OTHER BANKING AUTHORITIES AROUND THE WORLD, THE FRENCH BANKING COMMISSION CLOSED BCCI'S PARIS BRANCH AND NAMED AN ADMINISTRATOR TO MANAGE ITS AFFAIRS. (IN PARAGRAPH 4 BELOW IS AN UNOFFICIAL TRANSLATION OF THE COMMUNIQUE ISSUED BY THE BANKING COMMISSION AT THAT TIME.) THEN, ON JULY 23, THE COMMERCIAL COURT OF PARIS PLACED BCCI UNDER JUDICIAL ADMINISTRATION FOR A SIX-MONTH OBSERVATION PERIOD UNDER THE AEGIS OF THE BANKING COMMISSION AND ITS DESIGNATED ADMINISTRATOR. ON AUGUST 2, THE FRENCH BANKING ASSOCIATION (AFB) ANNOUNCED THAT IT WOULD BE PREMATURE TO PUT INTO PLAY ITS CALLABLE DEPOSIT GUARANTEE MECHANISM. STRESSING EQUALITY OF TREATMENT WITH WHAT HAD BEEN ACCORDED LONDON DEPOSITORS, IT ANNOUNCED THAT IT WOULD REQUEST THE EMIR OF ABU DHABI, THE PRINCIPAL SHAREHOLDER BCCI LUXEMBOURG, THE ULTIMATE PARENT COMPANY, TO INDEMNIFY FRENCH DEPOSITORS. THE AFB ALSO NOTED THAT GERMANY AND LUXEMBOURG HAD ADOPTED THE SAME POSITION.

3. IT HAS BEEN ESTIMATED IN NEWS ACCOUNTS THAT THE AMOUNT OF DEPOSITS SUBJECT TO INDEMNIFICATION TOTAL FF350-400 MILLION. (UNDER THE FRENCH CALLABLE DEPOSIT GUARANTEE MECHANISM, EACH DEPOSITOR IS INDEMNIFIED UP TO A MAXIMUM FF400,000.) SOME 2000 PERSONS HOLD DEPOSITS IN BCCI PARIS, OF WHICH ABOUT 400 ARE FROM MONACO. ONE HUNDRED DESPOSITORS APPARENTLY ACCOUNT FOR ALMOST 50 PERCENT OF TOTAL DEPOSITS.

4. UNOFFICIAL TRANSLATION ON BANKING COMMISSION

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COMMUNIQUE. BEGIN TEXT

FOLLOWING ACTION UNDERTAKEN BY THE LUXEMBOURG MONETARY AUTHORITIES REGARDING THE BANK OF CREDIT AND COMMERCE INTERNATIONAL (BCCI), THE BANKING COMMISSION DECLARED THAT THE MANAGEMENT OF THE FRENCH BRANCH OF THE BANK OF

/***** BEGINNING OF SECTION 002 *****/
CREDIT AND COMMERCE INTERNATIONAL (OVERSEAS) LTD., 125 AVENUE CHAMPS ELYSEES COULD NO LONGER BE ASSURED IN NORMAL CONDITIONS.

AS A CONSEQUENCE, THE BANKING COMMISSION HAS, IN APPLICATION OF ARTICLE 44 OF THE BANKING LAW OF JANUARY 24, 1984, RELATIVE TO THE ACTIVITY AND CONTROL OF BANKING INSTITUTIONS, NAMED MR. ANDRE FORDE, PROVISIONAL ADMINISTRATOR OF THIS BANK.

RESPONSIBLE FOR THE PROTECTION OF THE INTERESTS OF THE CREDITORS OF THE BRANCH, THE PROVISIONAL ADMINISTRATOR, IN HIS PROTECTIVE ROLE, HAS SUSPENDED PAYMENTS AND CLOSED DOWN OPERATIONS.

BCCI OPERATES IN FRANCE AS A BRANCH OF THE BCCI (OVERSEAS) LTD WHOSE HEADQUARTERS ARE LOCATED IN THE GRAND CAYMAN AND WHOSE PARENT COMPANY IS IN LUXEMBOURG.

THIS BRANCH HAD A BALANCE SHEET OF FF2.1 BILLION (AS OF MARCH 31, 1991). ITS REFINANCING IS ASSURED FOR THE MOST PART BY INTERBANK LOANS OR FROM DEPOSITS EMANATING FROM NON-RESIDENTS AND, IN PARTICULAR OTHER AGENCIES OR SUBSIDIARIES OF THE BCCI GROUP WORLDWIDE (THE GROUP IS PRESENT IN 69 COUNTRIES). THE DEPOSITS COLLECTED FROM RESIDENTS AMOUNT TO FF135 MILLION, OUT OF A TOTAL OF 1,001 MILLION FRANCS.

IN THE SAME WAY, MORE THAN FF1 BILLION OF LOANS, WHICH ARE HENCEFORTH COMPROMISED, HAVE BEEN GRANTED TO OTHER ENTITIES OF THE GROUP, WHILE NET CAPITAL ONLY TOTALS FF165 MILLION.

THIS GROUP WAS, FOR SEVERAL MONTHS, UNDER THE SURVEILLANCE OF A GROUP OF BANKING REGULATORS IN LONDON, WHICH INCLUDED A REPRESENTATIVE OF THE FRENCH BANKING COMMISSION. THE LATTER HAD, ON JANUARY 25, 1991, FORBIDDEN THE FRENCH BRANCH TO INCREASE ITS ACTIVITIES AND IN PARTICULAR TO COLLECT ANY NEW RESOURCES FROM FRENCH RESIDENTS.

INTERNATIONAL COORDINATION IS CONTINUING TO MAINTAIN CONDITIONS AS ORDERLY AS POSSIBLE. END TEXT

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PENDLETON

ADMIN

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